



# FG FINANCIAL DIVERSIFIED FUND

## Quarterly Report June 30, 2009

### INVESTMENT OBJECTIVE

FG Financial Diversified Fund is a balanced fund whose objective is to provide above-average income and opportunities for long-term growth of capital. Balanced funds are generally “middle of the road” investments that seek to provide a combination of growth, income and conservation of capital by investing in a mix of stocks, bonds, and/or fixed income securities.

### INVESTMENT STRATEGY

The Diversified Fund invests primarily in a combination of Bahamian equities (listed and non-listed), mortgages, and fixed income securities. The Fund may also invest in term deposits and in publicly traded or privately issued preference shares.

### INVESTMENT RISK AND RETURN

The Diversified Fund caters to investors with a moderate risk profile. The positioning of a balanced fund allows for investors to reap the benefits of an upturn in the equities market while not suffering the full impact during economic downturns. Our long-term expected rate of return for this Fund is 6.5% to 8% per annum.

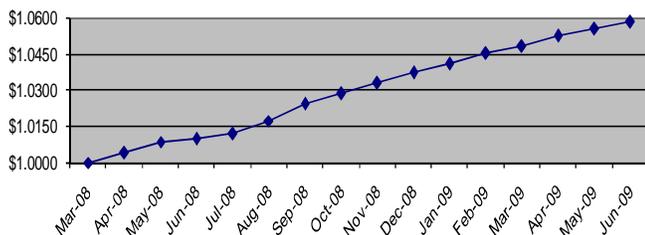
### SECOND QUARTER 2009 REVIEW

The Diversified Fund ended the second quarter with a net asset value per share of \$1.0585. For the quarter ended June 30, 2009, the Fund achieved a return of 0.99%, underperforming its benchmark, which reported returns of 1.44% over the same period. Year-to-date, the Fund underperformed compared to its benchmark, yielding 2.04% compared to the benchmark return of 2.88%, due mainly to the underperformance of our equities portfolio. The Fund’s average annualized return from inception (April 1st, 2008) was 4.68%, underperforming benchmark returns of 5.75%.

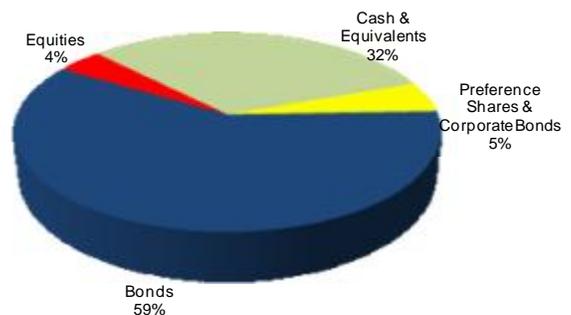
Net assets available to shareholders increased by approximately \$230 thousand buoyed by net subscriptions of \$130 thousand and income from investments of \$100 thousand. Our equity portfolio experienced an overall net return of -14.20%, with unrealized losses of \$38 thousand. These losses were offset by investments in government and related bonds and term deposits at aggressive rates.

We continue to maintain higher allocation of bonds due to underperformance of the local capital market. As conditions improve, we will reduce our bonds in favor of higher performing equities.

Net Asset Value Performance



Fund Composition



Performance	QTR 2	QTR 1	Y-T-D	Inception
Fund	0.99%	1.04%	2.04%	4.68%
Benchmark	1.44%	1.44%	2.88%	5.75%
+/- Benchmark	-0.45%	-0.40%	-0.83%	-1.07%

<b>Investment Manager:</b>	<b>Family Guardian Insurance Co. Ltd.</b>
<b>Analysis Period:</b>	March 31, 2008 to June 30, 2009
<b>Benchmark:</b>	Prime Rate + 25 Basis Points

For further information contact:  
 FG Capital Markets Limited  
 Family Guardian Corporate Office:  
 Telephone (242) 396-4000  
 Fax (242) 393-1100  
 P.O. Box SS-6232, Nassau Bahamas

This document is prepared by FG Financial Limited, which is licensed by the Securities Commission of The Bahamas as a Fund Administrator. FG Financial Limited is the parent company of FG Financial Fund Limited SAC and a subsidiary of FamGuard Corporation Limited.

This quarterly review is for informational purposes only. Please note that past performance and rates of return are not indicative of future results.